



July 30, 2010

**FY2010 FIRST QUARTER CONSOLIDATED FINANCIAL RESULTS [ Japan GAAP ]**

Securities Traded: The First Section of the Tokyo Stock Exchange  
The First Section of the Osaka Securities Exchange

Code Number: 9783

URL: <http://www.benesse-hd.co.jp/en/>

Figures have been rounded down to eliminate amounts less than one million yen.

**CONSOLIDATED PERFORMANCE****1. Business Results**

	Three Months Ended June 30, 2009	Three Months Ended June 30, 2010	Percentage Change
	(Millions of Yen)		(%)
<b>Operating Results:</b>			
Net Sales	¥ 99,077	¥ 101,824	2.8 %
Operating Income	10,361	10,754	3.8
Ordinary Income	10,701	11,194	4.6
Net Income	4,797	4,909	2.3
<b>Per Share Data:</b>			
	(Yen)		
Net Income	¥ 48.51	¥ 49.76	
Fully Diluted Net Income	48.49	49.73	
	Year Ended March 31, 2010	Three Months Ended June 30, 2010	
	(Millions of Yen)		
<b>Financial Position (end of period):</b>			
Total Assets	¥ 356,153	¥ 347,583	
Total Equity	183,169	183,206	
Equity Ratio	49.7%	51.1%	
<b>Per Share Data:</b>			
	(Yen)		
Total Equity	1,792.80	1,797.75	

- Notes: 1. Changes in major subsidiaries during the period (change in specified subsidiaries due to changes in the scope of consolidation): None
2. Benesse Holdings, Inc. used the simplified accounting method for the quarterly results. The simplified method was applied to calculate such items as income taxes, which had the least impacts from the changes.
3. Changes in accounting principles, procedures or methods of presentation associated with consolidated financial statements (significant changes in basis for preparation of consolidated financial statements)
- 1) Revisions associated with accounting standards: Yes
- 2) Other changes: None
4. Issued and outstanding shares (common stock)
- 1) At the end of period (including treasury stock) June 30, 2010: 106,353,453 shares March 31, 2010: 106,353,453 shares
- 2) Treasury stock at the end of period June 30, 2010: 7,578,793 shares March 31, 2010: 7,717,445 shares
- 3) Average of shares of common stock outstanding for the period (cumulative for the period)
- June 30, 2010: 98,671,557 shares June 30, 2009: 98,907,919 shares
5. Equity: June 30, 2010: ¥177,571 million March 31, 2010: ¥176,835 million

**2. Dividends**

(Record date)	Dividends Per Share				
	The end of the first quarter	The end of the second quarter	The end of the third quarter	Year-end	Annual
	(Yen)				
Fiscal Year Ended March 31, 2010	—	45.00	—	45.00	90.00
Fiscal Year Ending March 31, 2011	—	/	/	/	/
Fiscal Year Ending March 31, 2011 (Forecast)	/	47.50	—	47.50	95.00

**CONSOLIDATED FORECAST OF RESULTS FOR FISCAL 2010, ENDING MARCH 31, 2011**

	First Six Months		Entire Period	
	(Millions of Yen)			
Net Sales	¥	207,200	¥	421,500
Operating Income		25,900		41,000
Ordinary Income		26,100		41,300
Net Income		14,200		22,600
			(Yen)	
Net Income Per Share	¥	143.96		229.13

Notes: 1. These forecasts remain unchanged since their announcement on April 30, 2010.

2. These forecasts are based on information available to the company as of the date of release of this document and are subject to a number of risks, uncertainties and assumptions. As such, actual results may differ materially from those projected.

**PERFORMANCE****Net Sales by Segment**

(Millions of Yen)

	Three Months Ended June 30, 2010
Domestic Education Business Domain	
Senior High School Courses	¥ 8,379
Junior High School Courses	12,283
Elementary School Courses	18,989
Preschool Courses ( <i>Kodomo Challenge</i> )	6,422
School & Teacher Support	8,370
Other	6,461
Subtotal	60,906
Overseas Education Business Domain	2,245
Lifestyle Business Domain	6,969
Senior/Nursing Care Business Domain	13,402
Language/Global Leadership Training Business Domain	12,738
Others	5,562
Total	¥ 101,824

Note: Net sales by segment do not include internal sales.

**(Shinkenzeni Correspondence Courses)**

*Shinkenzeni* is a system of correspondence courses that start with preschool courses for children and continue with courses for elementary, junior high school and senior high school students. *Shinkenzeni* students complete monthly assignments that are personally reviewed by a teacher. The following table shows a breakdown of cumulative enrollment by *Shinkenzeni* course:

**Total Shinkenzeni Enrollment**

(Thousands)

Course	Three Months Ended June 30, 2009 (A)	Three Months Ended June 30, 2010 (B)	(B)/(A) (%)	Year Ended March 31, 2010
Senior High School Courses	983	1,007	102.5 %	3,418
Junior High School Courses	2,223	2,182	98.1	8,113
Elementary School Courses	4,970	5,137	103.4	18,911
Preschool Courses ( <i>Kodomo Challenge</i> )	3,284	3,566	108.6	13,811
Total	11,462	11,894	103.8 %	44,255

Note: From the first quarter of the fiscal year ending March 31, 2011, *Kodomo Challenge baby* cumulative enrollment is included in the cumulative enrollment for Preschool courses (*Kodomo Challenge*). Cumulative enrollment in *Kodomo Challenge baby* for the first quarter and full year of the fiscal year ended March 31, 2010 were 287,000 and 1,256,000, respectively.

**Number of Lessons in Berlitz Own-operated Language Centers**

(Thousands)

Region	Three Months Ended March 31, 2009 (A)	Three Months Ended March 31, 2010 (B)	(B)/(A) (%)	Year Ended December 31, 2009
North America	206	180	87.4 %	756
Asia	434	373	85.9	1,636
Latin America	288	258	89.7	1,174
Europe	705	658	93.4	2,649
Total	1,633	1,469	90.0 %	6,216

## CONSOLIDATED BALANCE SHEETS

<b>Assets</b>	<b>June 30,</b> <b>2010</b>	<b>March 31,</b> <b>2010</b>
	(Millions of Yen)	
<b>Current Assets:</b>		
Cash and time deposits	¥ 50,828	¥ 48,877
Notes and accounts receivable-trade	23,278	24,218
Marketable securities	59,161	31,631
Merchandise and finished goods	11,125	13,969
Work in progress	3,852	3,334
Raw materials and supplies	1,553	1,707
Other current assets	26,758	57,689
Allowance for doubtful receivables	(1,572)	(1,740)
Total Current Assets	<u>174,986</u>	<u>179,687</u>
<b>Fixed Assets:</b>		
<b>Tangible Fixed Assets:</b>		
Buildings and structures	28,391	29,016
Land	36,106	36,106
Other tangible fixed assets	11,207	10,871
Total Tangible Fixed Assets	<u>75,705</u>	<u>75,994</u>
<b>Intangible Fixed Assets:</b>		
Goodwill	17,836	18,537
Other intangible fixed assets	24,466	23,962
Total Intangible Fixed Assets	<u>42,303</u>	<u>42,500</u>
<b>Investments and Other Assets:</b>		
Investment securities	21,179	25,101
Other assets	33,494	32,962
Allowance for doubtful receivables	(85)	(93)
Total Investments and Other Assets	<u>54,587</u>	<u>57,970</u>
Total Fixed Assets	<u>172,596</u>	<u>176,466</u>
<b>Total</b>	<b>¥ 347,583</b>	<b>¥ 356,153</b>

## CONSOLIDATED BALANCE SHEETS

Liabilities and Equity	June 30, 2010	March 31, 2010
	(Millions of Yen)	
<b>Current Liabilities:</b>		
Notes and accounts payable-trade	¥ 10,291	¥ 12,025
Short-term debt	678	1,447
Current portion of long-term debt	107	122
Accrued income taxes	4,970	4,864
Advances received	81,062	78,691
Reserve for after-service costs	943	770
Reserve for employees' bonuses	2,443	6,178
Reserve for goods return	442	474
Other current liabilities	28,590	34,815
Total Current Liabilities	<u>129,530</u>	<u>139,389</u>
<b>Long-Term Liabilities:</b>		
Long-term debt, less current portion	213	219
Reserve for employees' retirement benefits	2,866	2,835
Reserve for directors' retirement allowances	1,361	1,405
Other long-term liabilities	30,405	29,132
Total Long-Term Liabilities	<u>34,846</u>	<u>33,593</u>
Total Liabilities	<u>164,376</u>	<u>172,983</u>
<b>Total Equity:</b>		
Equity:		
Common stock	13,600	13,600
Capital surplus	29,381	29,358
Retained earnings	165,843	165,372
Treasury stock, at cost	(26,051)	(26,527)
Total Shareholders' Equity	<u>182,772</u>	<u>181,803</u>
Valuation and translation adjustments:		
Unrealized gain on available-for-sale securities	(4)	88
Foreign currency statements translation adjustments	(5,196)	(5,056)
Total valuation and translation adjustments	<u>(5,201)</u>	<u>(4,967)</u>
Stock acquisition rights	683	667
Minority interests	4,951	5,667
Total Equity	<u>183,206</u>	<u>183,169</u>
<b>Total</b>	<u>¥ 347,583</u>	<u>¥ 356,153</u>

## CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended June 30, 2009	Three Months Ended June 30, 2010
	(Millions of Yen)	
<b>Net Sales</b>	¥ 99,077	¥ 101,824
<b>Cost of Sales:</b>	50,233	52,216
Gross Profit	48,844	49,608
Reversal of reserve for goods return	522	474
Provision for reserve for goods return	499	442
Adjusted Gross Profit	48,866	49,640
<b>Selling, General and Administrative Expenses:</b>		
Direct mail expenses	4,937	5,192
Advertising expenses	2,954	2,714
Wages and salaries	7,978	7,829
Provision for reserve for employees' bonuses	1,118	1,154
Provision for reserve for employees' retirement benefits	265	280
Provision for reserve for directors' retirement allowances	33	29
Provision for allowance for doubtful receivables	137	34
Other	21,079	21,650
	38,505	38,885
Operating Income	10,361	10,754
<b>Non-Operating Income:</b>		
Interest income	202	130
Gain on sales of investment securities	—	429
Foreign exchange gain	158	—
Gain on derivatives	—	532
Other	267	281
	629	1,374
<b>Non-Operating Expenses:</b>		
Foreign exchange loss	—	807
Loss on derivatives	115	—
Other	173	127
	288	934
Ordinary Income	10,701	11,194
<b>Special Gains:</b>		
Gain on sales of investments of a consolidated subsidiary	—	117
Gain on transfer of business	—	80
	—	198
<b>Special Losses:</b>		
Loss on sales and disposal of fixed assets	21	224
Valuation loss on investment securities	3	20
Loss on restructuring of business	173	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	614
Other	—	6
	197	864
<b>Income before Income Taxes and Minority Interests</b>	10,504	10,527
<b>Income Taxes</b>	5,762	5,812
<b>Income before minority interests</b>	—	4,715
<b>Minority Interests in Loss</b>	(56)	(193)
<b>Net Income</b>	¥ 4,797	¥ 4,909

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended June 30, 2009	Three Months Ended June 30, 2010
(Millions of Yen)		
<b>Operating Activities:</b>		
Income before income taxes and minority interests	¥ 10,504	¥ 10,527
Depreciation and amortization	3,147	3,359
Decrease in allowances and reserves-net	(4,003)	(3,975)
Other non-cash income and expenses-net	(132)	183
Decrease in trade accounts receivable	1,329	914
Decrease in inventories	2,072	2,499
Decrease in accounts receivable-other	25,637	28,018
Decrease in notes and accounts payable-trade	(2,160)	(1,746)
Decrease in accounts payable-other	(7,083)	(5,382)
Increase in advances received	2,305	2,300
Changes in other assets and liabilities-net	1,665	4,356
Subtotal	33,282	41,055
Interest and dividends received	320	219
Interest paid	(18)	(54)
Income taxes paid	(11,557)	(6,066)
Net Cash Provided by Operating Activities	22,027	35,153
<b>Investing Activities:</b>		
Purchases of marketable securities	(26,322)	(20,383)
Proceeds from sales of marketable securities	6,630	14,123
Purchases of property and equipment	(922)	(1,209)
Purchases of software	(4,117)	(3,036)
Purchases of investment securities	(142)	(2,166)
Proceeds from sales of investment securities	1,654	4,929
Proceeds from sales of investments of a consolidated subsidiary	—	229
Proceeds from transfer of business	—	153
Increase in time deposits-net	(2,100)	(90)
Other-net	(522)	(571)
Net Cash Used in Investing Activities	(25,843)	(8,021)
<b>Financing Activities:</b>		
Decrease in short-term bank loans-net	(234)	(771)
Repayment of long-term debt	(115)	(33)
Dividends paid	(4,241)	(4,259)
Proceeds from exercise of stock options	185	499
Purchases of treasury stock	(1,512)	(0)
Purchases of treasury stock by consolidated subsidiaries	—	(444)
Other-net	(146)	(483)
Net Cash Used in Financing Activities	(6,065)	(5,493)
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	834	(154)
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	(9,046)	21,484
<b>Cash and Cash Equivalents, Beginning of Period</b>	77,581	60,174
<b>Cash and Cash Equivalents, End of Period</b>	¥ 68,534	¥ 81,659

**SEGMENT INFORMATION****1. Segment Information for Three Months Ended June 30, 2010****(1) Overview of Reporting Segments**

Reporting segments of the Benesse Group are subject to regular review in order for the Board of Directors to decide on the allocation of management resources and evaluate results, and to obtain financial data separated from the constituents of each company.

The Group positions the five fields of domestic education, overseas education, lifestyle, senior/nursing care, and language/global leadership training as growth business domains, and concentrates investment of management resources in these areas in order to achieve long-term growth for the Group as a whole.

Accordingly, the Group is made up of segments grouped by products and services based on these five business domains, and has designated the Domestic Education Business Domain, Overseas Education Business Domain, Lifestyle Business Domain, Senior/Nursing Care Business Domain, and Language/Global Leadership Training Business Domain as its reporting segments.

In the Domestic Education Business Domain, the Group engages in the correspondence course business, the school & teacher support business, the cram and prep school business, and other businesses.

In the Overseas Education Business Domain, the Group engages in the correspondence course business in China, Taiwan and South Korea, targeting mainly preschool children.

In the Lifestyle Business Domain, the Group engages in magazine publishing, mail-order business, and other businesses.

In the Senior/Nursing Care Business Domain, the Group engages in the residential care services business (operation of nursing homes), home helper service business, training courses for nursing care personnel, staff placement and personnel dispatch company specializing in medical and nursing care personnel, and other businesses.

In the Language/Global Leadership Training Business Domain, the Group engages in the language instruction business, the ELS provide educational services including language training to those who want to study abroad, the global leadership training business, the translation and interpreting business, and other businesses.

**(2) Information Regarding Net Sales and Profits (Losses) by Reporting Segment****Three Months Ended June 30, 2010**

(Millions of Yen)

	Sales			Segment
	To customers	Intersegment	Total sales	Income (loss)
Reporting Segments:				
Domestic Education Business Domain	¥ 60,906	¥ 54	¥ 60,961	¥ 11,071
Overseas Education Business Domain	2,245	0	2,245	(369)
Lifestyle Business Domain	6,969	0	6,970	(120)
Senior/Nursing Care Business Domain	13,402	10	13,413	506
Language/Global Leadership Training Business Domain	12,738	20	12,759	(266)
Subtotal	96,262	86	96,349	10,821
Others	5,562	6,987	12,550	202
Total	101,824	7,074	108,899	11,023
Adjustment	—	(7,074)	(7,074)	(268)
Consolidated	¥ 101,824	—	¥ 101,824	¥ 10,754

Notes: 1. The "Others" category indicates businesses not included in the reporting segments, including the telemarketing business, the computer data processing service business, and other businesses.

2. Segment income (loss) adjustment of negative ¥268 million includes intersegment eliminations of ¥277 million and corporate expenses not allocated to segments of ¥545 million. Corporate expenses consist mainly of expenses related to the parent company, a holding company not accounted for by the reporting segments.

3. Segment income (loss) is adjusted with operating income in the quarterly consolidated statement of income.

**Additional Information**

From April 1, 2010, the Company adopted the "Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No.17, March 27, 2009), and the "Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No.20, March 21, 2008)

## 2. Segment Information for Three Months Ended June 30, 2009

## Performance by Business Segment

Three Months Ended June 30, 2009

(Millions of Yen)

	Sales			Operating Income (loss)
	To customers	Intersegment	Total sales	
Education Group	¥ 61,688	¥ 26	¥ 61,714	¥ 12,371
Women & Family Company	6,789	—	6,789	0
Senior Company	10,307	—	10,307	20
Language Company	13,042	18	13,061	(460)
AVIVA Business	1,477	1	1,479	113
Others	5,772	5,022	10,794	(166)
Corporate (Eliminations)	—	(5,069)	(5,069)	(1,518)
Consolidated	¥ 99,077	—	¥ 99,077	¥ 10,361

Notes: 1. Method of Business Segment Classification

Benesse's business segment classifications are based on those used internally (in accordance with the customer-oriented in-house company system).

2. Main products and services in each business segment

Segment Name	Primary Business
Education Group	<i>Shinken</i> correspondence courses for preschool, elementary, junior and senior high school students, <i>Shinken Simulated Exams</i> , student pocketbooks, dictionaries for elementary, junior and senior high school students, learning reference books, educational aids and support materials, management of preparatory schools and cramming schools
Women & Family Company	Magazines and general publications and mail order
Senior Company	Management of nursing homes, home-help services
Language Company	Language instruction and interpretation services
AVIVA Business	Operations of PC schools
Others	Telemarketing and information processing services